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Selecting a Real Estate Appraiser

State of California



What is a real estate appraiser?

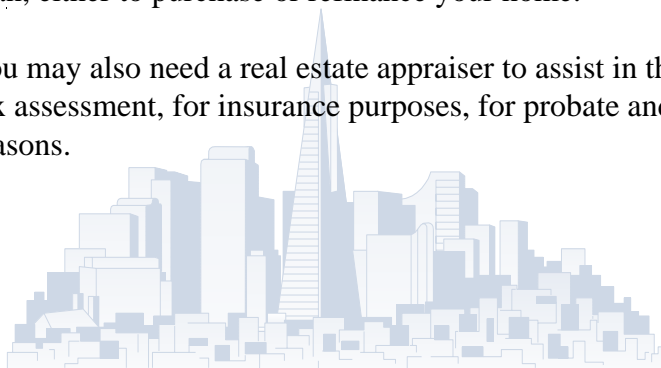
A real estate appraiser is an impartial, independent third party who provides an appraisal—an objective report on the estimate of value of real estate. The appraisal is supported by the collection and analysis of data.



When do I need a real estate appraiser?

You will normally need a real estate appraiser whenever an estimate of the value of real estate is required. Most commonly, this is when you apply for a real estate loan, either to purchase or refinance your home.

You may also need a real estate appraiser to assist in the appeal of your property tax assessment, for insurance purposes, for probate and estate settlements or other reasons.



What is a state licensed real estate appraiser?

State licensed real estate appraisers have met nationally established standards for education and experience, and must successfully pass a comprehensive examination. In addition, a background review is conducted to screen those who have been convicted of serious criminal activities.

A state licensed appraiser must conform to national ethical and professional standards known as the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP establishes the standards for ethics, competency and confidentiality governing professional appraisal practices.

Are all appraisers required to be licensed?

No. Only real estate appraisers performing federally related transactions are required to be licensed in the State of California.

Why use a state licensed appraiser?

It is to your advantage to select a real estate appraiser licensed by the State of California. Only state licensed real estate appraisers are:

- Legally required to meet the nationally established standards for education and experience;*
- Legally required to pass a comprehensive examination;
- Legally required to have a background records check;
- Able to perform appraisals in federally related transactions;
- Required to comply with the ethical and competency requirements of USPAP; and
- Regulated by the Office of Real Estate Appraisers (OREA) and subject to disciplinary sanctions by OREA for failure to comply with USPAP.

In addition, if you engage the services of an unlicensed appraiser and later experience

problems with your appraisal report, OREA is normally unable to investigate your complaint. Instead, you must pursue the matter through the courts.

OREA’s oversight of licensed appraisers helps to ensure that you will receive a comprehensive, objective and accurate appraisal. If a state licensed real estate appraiser performs an unethical, incompetent or fraudulent appraisal, OREA has the authority to:

- Assess fines of up to \$10,000 per violation;
- Revoke or suspend licenses; and/or
- Place conditions on licenses, such as restrictions and probation.

* For specific education and experience requirements, see the “Real Estate Appraiser Licensing Summary” pamphlet or visit OREA’s web site at:

www.orea.ca.gov

or

www.orea.cahwnet.gov

How do I select a state licensed real estate appraiser?

Although federal and state laws usually require that the lender must hire the appraiser when the appraisal is to be used for a real estate loan, some lenders will allow you to select an appraiser from their list of approved appraisers. For other

appraisals, you are allowed to select your own appraiser.

Real estate appraisers can be found in the yellow pages of most telephone directories, through local chapters of professional appraiser organizations and, of course, by talking to your friends who have previously used an appraiser. Be sure to interview the appraiser carefully to determine if he or she is licensed and experienced in appraising your type of property.

Most licensed appraisers will provide an advance estimate of the cost to perform the appraisal, and many will commit to a fixed fee for the appraisal. It is always wise to obtain a written contract, which includes a description of what is to be appraised, the scope of the assignment, the required delivery date, the fee and terms of payment.

How do I verify an appraiser’s license?

You can call OREA at (916) 263-0722 to verify an appraiser’s license and to confirm that the license is in good standing between the hours of 9:00 a.m. and 4:00 p.m., Monday through Friday.



How do I file a complaint against a state licensed appraiser?

If you believe that a state licensed appraiser has performed unethically, fraudulently or incompetently, you may file a complaint by calling OREA and requesting a complaint form or downloading the form from our web site. Complete the form, attach a copy of the appraisal and all supporting evidence and mail to:

Office of Real Estate Appraisers
1755 Creekside Oaks Drive, Suite 190
Sacramento, CA 95833-3637
Phone (916) 263-0770
FAX (916) 263-0889

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, a federal law, mandates states to license and certify individuals who appraise real property in federally related transactions (FRTs). In California, licensing and certification for appraisers involved in FRTs became mandatory on November 1, 1992.

The federal government requires federally regulated banks to use state licensed real estate appraisers for certain loan transactions. You may wish to obtain the same level of competency for your own appraisal needs.